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CHAPTER 28

GENERAL PROVISIONS ON INDEBTEDNESS2801 APPLICABILITY

★ 280101. Debts Covered. Policies in this chapter apply to debts of individuals, except foreign individuals, owed the United States. They do not apply to contract debts, sovereign debts owed the United States, or collection of child support, alimony, or commercial debts from the pay of DoD civilian employees or military members through garnishment or involuntary allotment. Contract debt collection procedures are contained in Volume 10 of this regulation. Sovereign debt collection procedures are contained in chapter 12, Volume 6 of this Regulation. Procedures for collection of child support, alimony, or commercial debts from military members or civilian employees through garnishment or involuntary allotments are contained in Volume 7 and Volume 8, respectively, of this regulation.

280102. Recovering DoD Component Property. Policies in this volume are directed primarily at recovery of debts on behalf of the United States and the circumstances in which debts may be disposed of for less than the full amount. Nothing contained in this volume is intended to preclude a DoD Component from demanding return of specific property or, alternatively, payment of its value.

280103. Alternative Administrative Remedies. Nothing contained in this volume will preclude using any other administrative remedy which may be available for collecting debts owed a DoD Component. When a DoD Component debtor is employed by another DoD Component or another federal agency, and collection cannot be accomplished using procedures, including offset, contained in this volume, the debtor's employing Component or agency will be contacted to arrange for the debtor to pay by allotment or other means according to regulations which implement financial responsibility requirements of federal employees under Section 206, Executive Order No. 11222, May 8, 1955, 30 FR 6469 (reference (ap)).

280104. Required Administrative Proceedings. Nothing contained in this volume requires a DoD Component to omit or duplicate debt collection procedures required by other regulations.

280105. Omissions Not a Defense for Debtors. Requirements in this volume apply to the administrative collection of debts. Failure of a DoD Component to comply with any of the requirements will not be available as a defense for a debtor.

2802 GENERAL ORGANIZATIONAL RESPONSIBILITIES

280201. Identifying and Correcting Debt Causes. DoD Components will establish procedures to identify causes of indebtedness, delinquencies, and defaults and take corrective actions to eliminate those causes and reduce the numbers of debts subject to collection.

280202. Debt Collection Programs. DoD Components vigorously will pursue debt collection. Collection programs at all organizational levels will be established as required to implement policies in this volume.

280203. Debt Controls. DoD Components will establish effective administrative controls over debts owed. Debts will be recorded promptly in the accounting system when incurred and collected and controlled according to requirements specified in this volume. Debts will be aged in the following categories so that appropriate corrective actions can be taken and required aging reports rendered:

A. Debts Not Delinquent;

B. Debts Delinquent -

1 - 30 days;
31 - 60 days;
61 - 90 days;
91 - 120 days;
121 - 180 days;
181 days - 1 year;
Over 1 year - 2 years;
Over 2 years - 3 years;
Over 3 years.

280204. DoD Debtor Information Exchange Program. DoD Components will participate in the DoD debtor information exchange program for delinquent and defaulted debtors.

280205. Interagency Debt Collection. DoD Components will cooperate with each other and other federal agencies in collecting debts owed by employees and members. Salary and administrative offset requests from non-DoD federal agencies will be coordinated by the Defense Manpower Data Center.

280206. Files Matching. DoD Components requesting debtor files matching through the Defense Manpower Data Center will ensure that all other debt collection alternatives are less effective, more expensive, or would present a greater threat to the debtors' personal privacy.

280207. Documenting Collection Activity. DoD Components will document their collection activities. The basis for debt compromise or for suspending or terminating collection action will be documented. Documentation will be retained in individual debtor files.

280208. Personal Interviews With Debtors. Creditor components may hold personal interviews at the debtor's request concerning the individual circumstances surrounding the debt and the amount involved. Expenses incurred by debtors to attend interviews will be paid by debtors. Matters discussed which will affect debt collectibility will be documented. Documents will be retained in individual debtor files.

280209. Obtaining Debtor Mailing Addresses From the Internal Revenue Service. DoD Components attempting to locate a debtor may send requests to the Secretary of the Treasury, or designee, to obtain a debtor's mailing address from the records of the Internal Revenue Service (IRS). Mailing addresses obtained from the IRS may be disclosed to other agents of the DoD Component, including contract collection agencies, to facilitate debt collection and compromise. A mailing address obtained from the IRS may be disclosed to a commercial credit bureau only for obtaining a commercial credit report. However, this disclosure limitation no longer applies once a debtor's mailing address is independently confirmed by the DoD Component.

280210. Determining Debt Amount for Compromises, Suspensions, and Terminations. Debts will not be subdivided to avoid monetary ceilings for debt compromise or suspension or termination of collection actions. A debtor's liability arising from a particular transaction will be considered a single claim in determining if a debt is \$100,000 or greater for purposes of debt compromise, collection suspension, or termination according to chapter 31 of this volume.

280211. Collection Priorities for Multiple Debts. Deductions currently being made normally will continue until a debt is paid. However, consideration will be given applicable statutes of limitations and priority of collections will be changed when necessary to ensure maximum amounts are collected. Debts owed by employees to more than one DoD Component or federal agency will be collected in the following priority sequence:

- A. Debts to the debtor's employing agency or department.
- B. Debts to other DoD Components.
- C. Debts to other federal agencies.

280212. Accounts to Which Collections Will Be Credited. If collected in time to be credited to a current fiscal year appropriation, debt principal amounts collected by DoD Component employees or contract collection agencies on the DoD Component's behalf will be refunded or reimbursed to appropriations from which funds were originally disbursed. Otherwise, debt principal amounts will be credited to another appropriation specified by law.

Interest, penalties, and administrative charges will be credited to appropriate Treasury Department receipt accounts.

280213. Automating Debt Collection and Reporting Systems. Debt collection and reporting systems, automated to the extent it is cost effective, will be used for recording, processing, and controlling debts. Existing debt collection procedures and processes in pay systems may be retained until debt collection and reporting systems are implemented.

280214. Liquidating Security or Collateral To Satisfy Debts. DoD Components holding security or collateral that may be liquidated through a power of sale or nonjudicial foreclosure will do so if debtors fail to pay debts within a reasonable time after demand. Consideration will be given to security or collateral disposition costs as compared to amounts which might be received from a sale. A DoD Component that liquidates security or collateral will give the debtor a notice of sale, an accounting of surplus proceeds, and any other procedures required by regulation or law.

280215. Debt Payment by Surety or Insurance Concern. Collection from other sources, including liquidation of collateral or security, is not a prerequisite to requiring payment by a surety or insurance concern unless such action is expressly required by law.

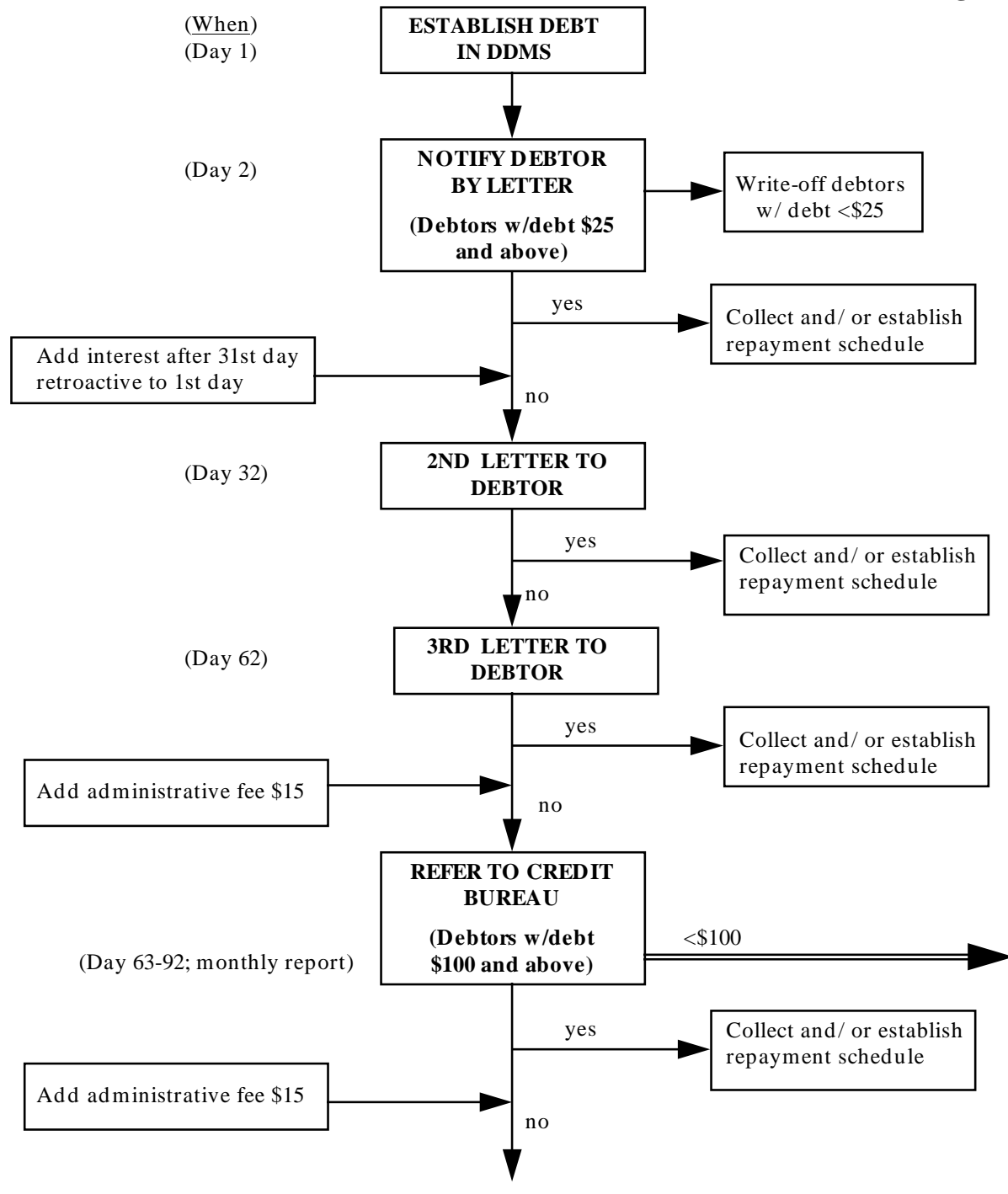
280216. Reporting a Surety's Dishonored Obligation. DoD Components will report immediately to the Department of the Treasury the failure of any surety to honor its obligations under 31 U.S.C. 9305 (reference (e)). The Treasury Department will forward notification that a surety's certificate of authority to do business with the federal government has been revoked or forfeited to appropriate organizations.

★ 280217. Obtaining Collection Assistance for Delinquent Debts. Creditor Components make the initial demand for debt payment and accomplish follow-up action. When local collection action is exhausted, the DFAS will offer collection assistance using the Defense Debt Management System (DDMS). Collection assistance includes referral to a collection agency, reporting to a credit bureau, use of the IRS tax refund offset program, and submission to the Department of Justice for possible litigation. These debt collecting steps are illustrated in figure 28-1. DDMS is maintained at the DFAS-Denver Center (DFAS-DE/FY) and operated by the DFAS Center. Collection assistance is obtained by sending the debt case to the supporting DFAS Center. Controlled transmission procedures will be used to ensure that debt cases transferred by an installation are received at DFAS. Creditor Components and agencies must certify the validity of the debt and furnish all background documents prior to seeking collection assistance from DFAS Centers. Creditor Components also must ensure that all notifications, reclama, or appeal actions have been completed and resolved.

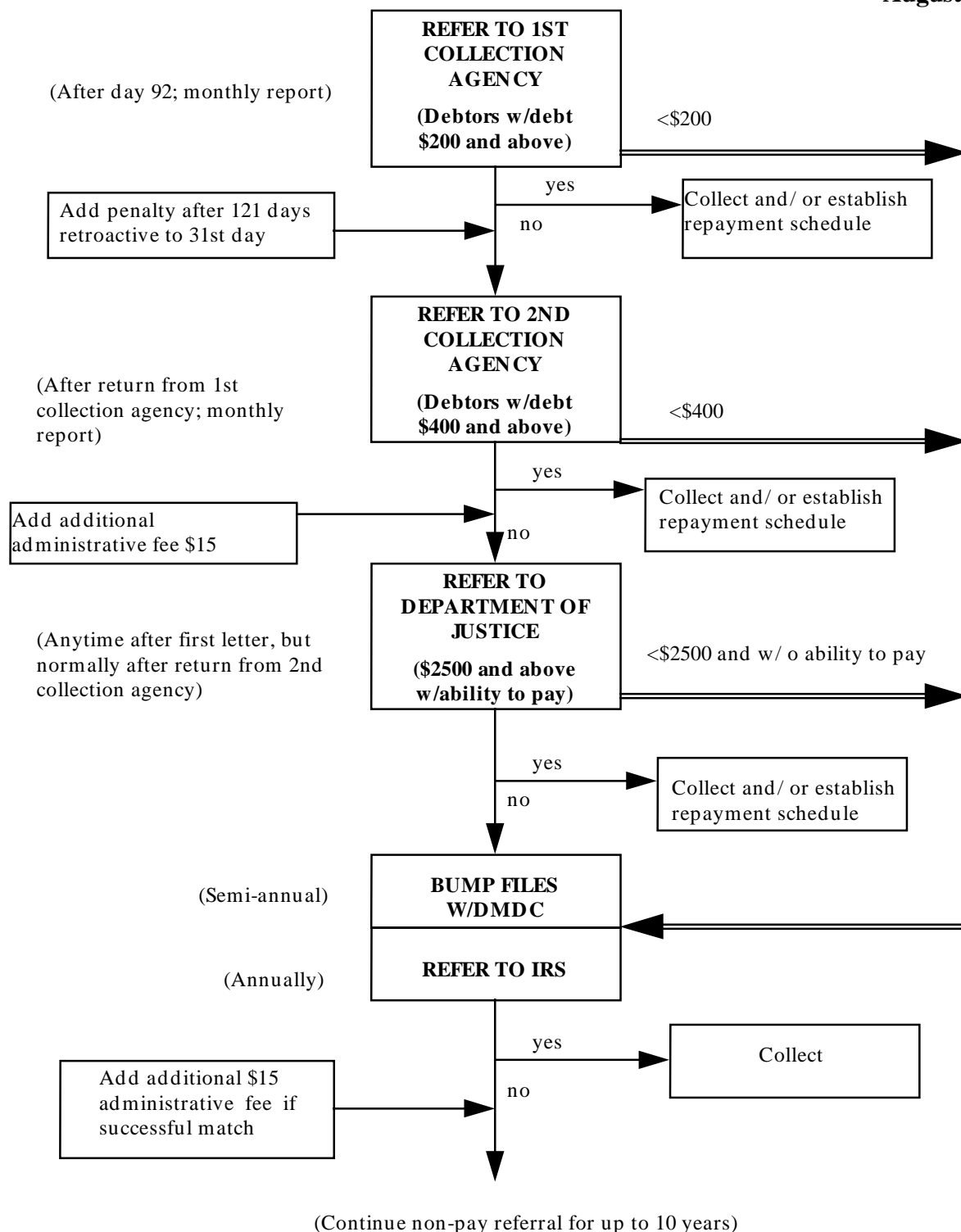
A. To ensure the integrity of the accounting records and the debt case files and records, periodic reconciliations will be accomplished in the most efficient and expedient manner possible.

B. To avoid costly reconciliations with transferring activities, DFAS Centers will establish and maintain accountability where feasible for debts transferred for collection assistance. When accountability for a debt is established at DFAS, the submitting activity will be notified to remove accountability from its accounting records. This notification will be accomplished as part of the controlled transmission procedure. Debt accountability will be dropped and established in a manner to preclude either omission or dual reporting of the debt in accounting reports. DFAS will establish debt accountability at the minimum level of detail necessary to fulfill accounting and reporting requirements. Accountability will not be transferred if the process creates an Antideficiency Act violation in the accountable station records. If this situation appears likely, DFAS will accept the file for debt collection as usual while the DO and related budget officer work the transfer of funding to cover the accountability transfer. If DFAS is able to collect on the account, efforts by the DO will cease and collection will be processed to DO. If DFAS exhausts collection efforts as defined in Chapter 31 of this volume and write-off action is appropriate, the write-off notice will be sent to the DO for action. No Antideficiency Act violation is created during the administrative process; a violation may be incurred only after complete attempt at collection, review, and process of official write-off notification.

C. The DDMS will facilitate centralized processing of remittances. Cash management criteria will be considered and Treasury Department mechanisms will be used as indicated in figure 28-1 to process remittances.



★ Figure 28-1. Defense Debt Management System (DDMS) Debt Collection Steps



★ Figure 28-1. Defense Debt Management System (DDMS) Debt Collection Steps
(Continued)